

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Federal-State Joint Board on)	CC Docket No. 96-45
Universal Service)	
)	
National Exchange Carrier)	DA 05-2745
Association, Inc.)	
2006 Modification of Average)	
Schedule Universal Service Formula)	

**COMMENTS
of the
ORGANIZATION FOR THE PROMOTION AND
ADVANCEMENT OF SMALL TELECOMMUNICATIONS COMPANIES**

I. INTRODUCTION

The Organization for the Promotion and Advancement of Small Telecommunications Companies (OPASTCO) hereby submits its comments regarding the National Exchange Carrier Association's (NECA) proposed modifications to the Average Schedule Universal Service High Cost Loop Support (HCLS) formula for 2006.¹ OPASTCO is a national trade association of more than 560 small telecommunications carriers serving rural areas of the United States. Its members, which include both commercial companies and cooperatives, together serve over 3.5 million customers. Approximately 35 percent of OPASTCO's members are average schedule companies.

NECA's proposed HCLS formula satisfies Parts 36, 54, and 69 of the Commission's rules. Therefore, OPASTCO recommends that the Wireline Competition Bureau promptly

¹ 2006 NECA Modification of Average Schedule Universal Service High Cost Loop Support Formula, National Exchange Carrier Association, Inc. (filed Aug. 30, 2005) (2006 NECA HCLS Modification).

approve the formula as filed to take effect on January 1, 2006, so that small average schedule companies can receive reasonably accurate support payments.

II. COMMENTS

NECA's proposed HCLS formula is a fair, unbiased estimator of expense adjustments for smaller average schedule companies. The formula conforms to the Commission's Part 69 rules, which require that formulas produce disbursements to average schedule companies that simulate the disbursements that would be received by representative cost companies.²

NECA's proposed formula for 2006 would produce \$53.9 million in annual expense adjustment payments to average schedule companies, which amounts to a \$18.6 million increase from their current level.³ While this constitutes a material proportionate increase in payments, HCLS payable to average schedule companies continues to be a small fraction of the total High-Cost program.⁴

NECA's proposed increase in HCLS payments to average schedule companies is a result of two significant factors. First, the reported annual cost changes for average schedule companies continue to increase. This is due to the fact that average schedule companies who qualify for HCLS payments have experienced a notable increase in their actual accounts on a per loop basis. Second, had the Commission approved NECA's proposed formula for 2005, the increase would have been only \$10.3 million.

Furthermore, for the past four years, HCLS payment levels have been affected by changes to the Commission's rules. As a result of the *Rural Task Force Order*, the rural carrier portion of the HCLS was increased or "rebased" and the National Average Cost Per Line

² 47 C.F.R. §69.606(a).

³ 2006 NECA HCLS Modification, p. 32.

⁴ *Id.*, p. 2.

(NACPL) adjusted downward.⁵ As a result of this change, many average schedule companies that did not receive payments before this “rebasings” now have cost per loop values that exceed 115 percent of the adjusted NACPL, and therefore began receiving payments going forward from July 2001.⁶ Similarly, average schedule companies that had already been receiving payments have since seen increases in their support.

It is important to note that the 2006 NECA HCLS Modification is supported by additional data supplied by NECA at the Commission’s direction. The Commission directed NECA to supply additional data (unadjusted account and loop data, and account level and access line growth rates) used to calculate sample companies’ cost per loop (CPL) as filed in modifications of average schedule formulas in 2002, 2003 and 2004. In addition, NECA supplied extra data to display explicitly all intermediate steps needed to determine sample companies’ CPL. NECA filed this extra data based on unadjusted accounts and accounts projected by NECA’s study. This additional data supports NECA’s proposed HCLS formula for 2006.

⁵ *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Fourteenth Report and Order, Twenty-Second Order on Reconsideration and Further Notice of Proposed Rulemaking, *Multi-Association Group (MAG) Plan for Regulation of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers*, CC Docket No. 00-256, Report and Order, 16 FCC Rcd 11244, 11262, 11268-11269, paras. 40, 55 (2001) (*Rural Task Force Order*).

⁶ 2006 NECA HCLS Modification, pp. 22-23.

III. CONCLUSION

For the reasons stated above, OPASTCO recommends the timely adoption of NECA's proposed 2006 HCLS formula as filed, to be effective January 1, 2006 - December 31, 2006.

Respectfully submitted,

**THE ORGANIZATION FOR THE PROMOTION
AND ADVANCEMENT OF SMALL
TELECOMMUNICATIONS COMPANIES**

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November 18, 2005

CERTIFICATE OF SERVICE

I, Brian Ford, hereby certify that a copy of the comments by the Organization for the Promotion and Advancement of Small Telecommunications Companies was sent by electronic mail, on this, the 18th day of November, 2005, to those listed on the attached list.

By: /s/ Brian Ford
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SERVICE LIST

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